

Please amend Claim 13 as follows:

Sub B3  
13. (amended) A method for minimizing transfer tax liability of a grantor for the transfer of the value of nonqualified stock options to a family member grantee, the stock options having a stated exercise price and a stated period of exercise, the method comprising:

- establishing a Grantor Retained Annuity Trust (GRAT);
- funding said GRAT with assets comprising stock options, the stock options having a determined value at the time the transfer is made;
- setting a term for said GRAT and a schedule and amount of annuity payments to be made from said GRAT;
- performing a valuation of the stock options as each annuity payment is made and determining the number of stock options to include in the annuity payment; and
- establishing an Irrevocable Life Insurance Trust (ILIT) that provides a life insurance policy on the grantor with the family member grantees as named beneficiaries, said ILIT to receive said assets of said GRAT on said GRAT's natural termination.

Please amend claim 25 as follows:

Sub B3  
25. (amended) A method for minimizing transfer tax liability of a grantor for the transfer of the value of nonqualified stock options to a family member grantee, the stock options having a stated exercise price and a stated period of exercise, the method comprising:

- establishing a Grantor Retained Annuity Trust (GRAT);
- funding said GRAT with assets comprising stock options, the stock options having a determined value at the time the transfer is made;
- setting a term for said GRAT and a schedule and amount of annuity payments to be made from said GRAT;
- performing a valuation of the stock options as each annuity payment is made and determining the number of stock options to include in the annuity payment;
- determining an optimum percentage of said GRAT assets that will be said annuity with the purpose of reducing the taxable gift value;